

Elia, Yehezel
Elyaho, David

On 12/19/05 S/A Longo and Eis met with Jared Scharf, defense attorney for Yehezel Elia, Elia Yehezel, defendant and Cindy Dunn, AUSA. The meeting was requested by Jared Scharf for his client to provide information regarding a tax violation. AUSA Dunn requested that Elia provide his criminal responsibility regarding the tax evaded items prior to listening to Elia's information. During the meeting Elia admitted that he did not report all of his business income from his various businesses in violation of Title 26 USC, 7201 and Title 26 USC 7206(1). Elia also explained in detail, all of his current assets including rental buildings. After explaining how he did not file accurate business and personal returns, Elia provided the following information:

Elia and his brother, David Elyaho, own and operate a small costume jewelry store located in Cross County Shopping Center. Their store purchases its costume jewelry from a business located on Broadway between the 20's and 30's. No specific information was provided however it was all alledged that the store owner was not reporting all of his cash purchases over \$10,000, an 8300 Form violation. Elia stated that he was willing to go undercover and make purchases in cash over \$10,000 if needed, in exchange for a cooperation letter from the AUSA.

The information provided by Eila was not specific and did not include full names. S/A Longo asked when Elia last purchased over \$10,000 worth of jewelry from the vendor and he stated that he never has.

Prior to leaving the meeting Elia signed a Proffer agreement and a copy was retained by S/A Longo.

At the conclusion of the meeting the AUSA and the Agents agreed that the information provided was not considered significant to warrant an investigation for any tax or non tax violation.

12/19/05

Conference Room

3:15pm to 5:00pm

(1)

Jared Scharf - FSO

Elia, Yehiel, CIA / Subj / witnesses
 SAI Presigimus R/A
 Chy. with David, Asst
 Herb Eas, S/A
 Patricia Long, S/A

Background -

Came US - 1973, MAY

Queens College

You Kippur war - back to Israel ^{OCT} 1973 ^{- maces} 74

6 months after came back to US from Israel

Soccer → Adelphi University - scholarship for soccer

EL AL - Security Agent - Kennedy Airport

Diplomatic Visa

3 years

Business Maternity store, man store, with Pantoni?(1st) Diaper Service, by the case

Pantoni back Israel Barel - back

5200 A month Rent

2nd store

- Bronx store -

↓ 15 stores → "Expectations"

Malls very expensive - Industry fell - store closed

Store closed All of them

(2)

Then started in Cross County - electronics store
 Separate Capital — 3 years ago — "Sports Stop" — now ~~same~~
 Current City open.

Purchase including 815,000 Inventory — Sneakermania
 Purchase from ? Sneaker store 12-13 years
 Ago
 Land lord took a pass lease over to EIA

Sneaker store + the kids + women's sneaker store
 Electronics store closed — became clothing store
 Dynasty clothing was closed did not work out

↓
 "Fancy Feet" — closed not worked out

↓
 "Dynasty Jewelry" closed not worked out

↓
 1/2 Year Ago → Photo store

10 year lease below market price — photo
 store sold due to machine breaking

White Plains — Outlet store

— Cross County stores — the to Outlet store
Sneaker Outlet to sell sneakers park at Sneakermania Ctr
 2 years Ago.

(3)

"Final Touch" - Aff ~~great~~ store expectations

→ Kiosk in front of Macy's

→ Rhode Island - Landlord Accommodates
from land lord to RI

David (Burr) → 120 sqm feet

→ Surviving but market is slow - A little profit

"Pizza Maria" - Owner - Madox, Landlord - that was
10 to 12 years ago his pizza store. Employees stole
\$25,000 to purchase Macy's. Pizza Maria 1/2 to
pay out of proceeds
Close to 2 years to pay off.

Money orders

Pay is Advance a money order

→ High turnover

→ Purchase orders - limit was \$3,000 per order

→ Dynasty
Final Touch } Cash or money order

Cash Income - pizza cash only

→ Credit cards at all store

Business LAST 2 years

All CASHs deposited →
 Cash to many orders →
 SALARY is CASH

Account - 2003, 2004, 2005,
 Directed by Elia to managers daily Steve

Daily cash pick up

CASH paid to Elia SALARY + CASH many orders.
 100,000 to 140,000 in salary for year.

2002 - \$50,000, Heri told Accountant \$80,000

"Certa for safety"

Driving school - payroll company \$80,000 - \$52,000 salary
 Regulated by DmV - no more income.

→ Small Adjusted payroll

File-1099 not filed

→ \$14,000 plus - \$250,000

Note from seller - Syems

2002 - Slesha maria + Pizzia Income not Reported.

CASH - Pizzia MARIA + Slesha mar

2000,

(2002) 2003 NOT FILE

2004 NOT FILE

Feb 2004 = to prove All is Accountant for.

Slesky MARIA → Corp

After search warrant - more checks than many others,

David - hardly finished high school
- married - Not Approved wife

David + Elia - Agreed to split profits with David
After expenses.

40,000
50,000

Pizzia MARIA - W-2 Wages - David - Payroll

- Cash - from First Touch
\$10,000 → 2000, 2001, 2002 20,000 -

As employee First Touch → 10,000 (1)

As employee Pizzia MARIA (2)

Elia - 2001 NO Slesky MARIA Driving School + Pizzia MARIA
2002 - NO Slesky MARIA

99 - 2000
NO Slesky MARIA

Elia wife was working at driving school.

1999 - 2002 - NO W-2 - Slesky MARIA

2003 - W-2 - April 15, 2004 = W-2 Slesky MARIA

Accountant - Slesky MARIA - NO many ads

- NO CASH Daily CASH

- NO CASH Payroll -

Elia - "Mistake by Accountant" - not supplied by Elia to accountant

Elia - told Accountant - pizza Maria -
 Union School -

Gross Sales - Accountant -
 Cost of Good Sold - Accountant
 Salary - Elia - supplied by Elia

Physical education - Maria's college.

Assets - in other people's names

- Sammy's Account - mother's money -

- Sammy Represented mother's money

12 years Ago - help Sammy set up

Account, Power of Attorney - Deposit + withdrawal
 money -

Loans from family - Loans in cash

Mother - gave to family members to
 Heri → \$100,000. estimate

Schwab's account - Stock purchase

Fidelity Account -

Slomo Rasabi - 1/2 million dollars.

~~Re~~ Gladman

Sammy 4 Times Since

- money From Israel -

Elia Noticed money was not at Refau + said nothing

Property - White Plains 1999 - 94 Harding -
 84 Waller 50% own
 2 properties 215 Battle Ave 100

50% 1/2 ~~Isnt~~ ^{Isnt} - 38 Orchard Street NY, NY
~~more~~ ~~YASSOF~~ ~~moshem~~ → YASSOF
 moshem

Given to wife AS Divorce Agreement - 215 Battle Ave ^{\$800,000} 200,000 _{mos}
 95 Harding Ave
 - 800,000?
 Financial statement - 260-270K mort,

84 Waller -
 200K - knows owns
 Ig M Joseph-Israel - 95 ~~Harding~~ ^{Waller} 50% owns

Spent through the years -

32 Cedar Cop - Knows Sammy
 (Last 2 years) 800 A month → checks
 Personal Account -

Rounded Information

Jewelry - Custom Jewelry + Accessories
Belt, hat, toys

10 Block Radius - Cash only business
- Volume discounts

Daily Sales - Retail + wholesale.

① Broadway - 2 Floors - Earing Plaza

13-14 employees

4 Girls cashiers + 1 Manager

Store Receipt + Volume discounts on receipt

Credit cards -

\$500 - \$1500 A typical purchase

② 20 + 30's + Broadway - - Street vendors

- Hand written receipts

David does most of sales

Now \$10,000 → now purchased over \$10,000 from
"Earing Plaza"

David's Attorney Laura Oppenheim 1/7/07

Rasbi - Lyodd Funding -
Structuring deposits - into Samir - ^{Elia} / ~~Lee~~ Brother,

12/19/05

1973 - Queens College - G.R. was Return a
award - Adolphus Lewis - Scholarship
Security at Airport

STARTED Mother's Store Queens
with Father ISRAEL FAR EL - he went
back to ISRAEL

Opened Second Store in Bronx.

15 STORES - 'EXPERIMENTAL'

Closed all STORES Change a market

IN mall opened electronics Store
Changes to Clothing Store

Bought SNEAKER Store in Cross County
mall Cost \$15,000 in clothing inventory

Changed on 4/1/04 name

Few years ago took over Photo Store
From mall operator.

Sold Photo Store

opened Outlet in White Plains
to sell excess merchandise

moved 2 years ago

Part of SNEAKER Mall
Dynasty was part of this Corp

SPORT STOP replaced Cross County Mall
Separate cell.

Final Family off while Expectation
was still operating good deal from
Manufacture. Custom Jewelry

Pizza Stop with help from
MOM - Mr. Mark paid off from proceeds
Sent checks with proceeds

STARTED with many orders because the
Supplier was not willing give him
a line of credit

Till two years ago
-also acct. he took salary in
cash

March 6, 2006
 Prata 11:00AM to
 Kwee off

Tahar Schmitt
 FLIA, subject
 Sgt. Poirier
 At Reliance.

Costume Jewelry - Costume Jewelry - Fala 30 sold for \$60

Contact Number -

① 1225 Broadway / Between 29 - 30th street (400 sq feet)
 500 to 1000 Bgs

All Floors - live going into building
 - Peddler + foreigner
 - Elevator waiting
 - Took stairs

4th Floor
 6th Floor - Room 512 5th Floor - 2 kids Guy + Girl
 Buy merchandise
 sent UPS if wanted

Perched → All Brads
Wallace - 347 - 387 - 1525

All Kind of Ladies bags - scarves - shoes
 wallet - hats + more
 whole sale + retail

1225 Broadway
 7th Floor - same build
 Mike Spies
 Tiberland
 Dejo - 917 -
 804 - 3444
 artist person

source at Bad store
 ① - ZANON'S Bakery
 Employee

② Girl at driving school

China town

Ties + hats in front of 347
 347 Canal street - 2nd Floor -
 moved hat place was a don

Don upstairs - Fake Goods → men + lady

Hats → showroom
 Louis Vuitton Bags

People in street with catalogs -

Distribution 321 Washington street
Center Hoboken, NJ - ~~A~~ Tiberio
 6/2005 Nike shoes

Place in china that make the shoes -

WWW.CNXXZ.CN China shoes

Guangzhou General Trading Company
 Alex Zhang

1201-321-5432
 201-321-5432

WWW.generaltradingcn.com

- 321 Washington street
 Hoboken, NJ

Lucky Nike Trading Co., Ltd.

(3)

Fake Jewelry

182 Broadway, NY, NY 28+29 Street
Gucci Jewelry NO NAME,
Silva
Casabe Jewelry -
Playboy Kuchot
212-532-4306
Fax 212 689-2729

4/18/06

10:30 Am - 10:40 - Ford drill

11:00 Am -

Cady Davis

Al Getels

Sgt. Hasegawa

Greg Polone

Harris

Janked Street

Account

Account

to Company

8300 ^{Fam} Finketo Flp - Felony

Too many ads

Nike - stopped

Payroll Scheme - Stole money -

Payroll Services - 941 Generated

Product 941 - giving employee

Fam 8300

Address -

Timberland

Flis - Payments with cover sheet

money ads - "Account", Sole of Payor

lot of money

no - money ads

Check

Nike - Copy of money ads

no pay is 30 days Nike stops shipping
Call of problem arrives.

②

Nike stopped taking money orders. Katz ~~more~~ ^{long}
Nike - cut of had money orders -

① Nike →

② JAY Gault - Account
Fraud Detection Program
Bernard Katz - Account

12/19/05

Gunn

Jared
Sul

Lungo, Herb Enne

5/1973

Queens College - left for war
to Israel til aft war (10/73 - 3/74)
1974

soccer - Adelphi scholarship

HLS Arr - security @ airport

Business w ptr → Israel Barell
maternity store Queens & diaper service
Bronx store
15 stores "expectabans"
closed storesCross County - maternity to mechanics
closed

2-13 yrs

Sneaker Store purchased for \$15k
took over lease

Sneakermania - Cross County

Kids + Women's Sneaker Store - Dynasty Clothing
Jewelry

Photo Store - pod store

White Plains Outlet → Sneaker Outlet / main
pured 2 yrs. Corp

sep corp. Sports Stop → in Cross County

Final Jonck → opened when ppe maternity stop
costume jewelry, 64428 weight

put David to work there

Pizza →

paid owner few percent
took 1-2 yrs. to pay for store
20-25 K?

payments in advance or \$ orders

Jewelry - cash industry of accessories

cash, \$ order; COD

Cash income from all businesses

took cash

deposited

used to purchase \$ orders

hired accountant, salary in cash

\$100 - 130K per year salary

one yr accountant put \$50K as income - 2002

Center for Safety Driving School \$50K

No accounting to support income told to
accountant - selected a #

Cash for Speaker/Mama + Fuel Junch

2004-05

now pay mme by check

all \$ now deposited

extra \$ went to stores

Never told accountant about
David's Book income

Sneaker - 4 stores

cash business
split profits

Pizza Store W-2 to David, so he could
get health insurance for family

No income from Sneaker for Elia 1999-2002
on tax returns

Wife on diving school payroll

Cash wages would've created W-2

told accountant \$100K 130 total income

gave accountant bank statements for returns

\$ orders from cash

Not told to accountant

just gave him a # for Cash salary
 noticed that no Cash income reported, said
 nothing - thought might not be caught
financial statements - own receipts, etc
 came from his own head (accountant)
 salary figure came from Elia

put to suppress to get 4% profit
 need to show profit per Elia

Samp's #
 came in with family #
 cash

12 yrs. ago
 went to fidelity
 he opened account - poa
 over years, took "loans"
 been to USA. about 4x

Schlomo

Samp's

Igal
 Joseph
 Conrad
 in
 Israel

owned property - 2 White Plains
 215 Battle Ave.

came over
 some years

95 Harding Ave

84 Waller Ave (50%) - \$40
 250 mty.

1/2 interest in 38 Orchard
 St.

NY City

215 Battle - \$800K 200 mty

95 Harding Ave. \$40K 200 mty

50% owned by Morine
 Yassobof

financial statement 64431

32 Cedar Corp

photograph taken
Sung Kim's him well

500/mo to run property

deposited checks into account

Cooperak

Accessory Businesses - Cedar Business

5 Block Radius

Location on Broadway - Eding Plaza

2 floors

13-14 employees

Receipt w/ store name

Retail Wholesalers

Take credit cards

Cash gets picked up by mgr.

no cash registers

handwritten receipts

manager

Dward now does sales

owner not there

asking machine receipt from other

10-15
vendors
* order carry
* COD \$ order
or large
deliveries

0-30k
daily
2 locations

4

12/19/05

Conference Room

3:15pm to 5:00pm

①

Janet Scharf - ESQ

Eli A. Yekutieli, CIAA / Subj / witnesses

SAC Presigurno, R/A

Chy. with David, Austin

Harb Ess, S/A

Patrick Long, S/A.

Background -

Came US - 1973, MAY

Queens College

Yon Kippur war - back to Israel ^{Oct} 1973 74

6 months after came back to US from Israel

Soccer → Adelphi University - scholarship for soccer

EL AL - Security Agent - Kennedy Airport

Diplomatic Visa

3 years

Business's Maternity store, man's store, with Pantone?(1st) Diaper Service, by the case

Pantone back Israel Bank - bank

\$250 A month rent

2nd store - Bronx store -↓ 15 stores → "Expectations"

Malls very expensive - Industry fell - store closed

Store closed All of them

(2)

Then started in Cross County - electronics store
 Separate Capital — 3 years ago — "Sports Stop" — now ~~same~~
 Current City open.

Purchase including 815,000 Inventory — Sneaker mania
 Purchase from ? Sneaker store 12-13 years
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 Land and took a pass lease over to EIA

Sneaker store + the kids + women sneaker store
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"Fancy Feet" — closed not worked out

"Day outy Jewellery" closed not worked out

1/2 year ago Photo store

10 year lease below market price — photo
 store sold due to machine breaking

White Plains — Outlet store

— Cross County stores — the to Outlet store
 Sneaker Outlet to sell sneakers park at Sneaker mania Co
 2 years ago.

(3)

"Final Touch" - After ~~store~~ store expectations

↳ Kiosk in front of Macy's

→ Rhode Island - Landlord Accommodates
from landlord to RI

David (Berk) → 120 sqm feet

→ Surviving but market is slow - A 1.44
Profit

"Pizza Maria" - owner - Marco, Landlord - that was
10 to 12 years ago his pizza store. Employees stole
\$25,000 to purchase Macy's. Pizza Maria 1/2 to
pay out of proceeds
Close to 2 years to pay off.

Macy orders

Pay is Advance a Macy orders

→ High turnover

→ Purchase orders - limit was \$3000 per day
Macy orders

→ Dynasty
Final Touch } Cash or Macy orders.

Cash Income - Pizza cash only

→ Credit cards at all store

Business LAST 2 years

All CASHs deposited →

Cash to many orders →

SALARY is CASH

Account - 2003, 2004, 2005,

Directed by Elia to managers daily share

Daily cash pick up

Cash paid to Elia SALARY + CASH many orders.

100,000 to 140,000 in salary for year.

2002 - \$50,000, Heri told Accountant \$80,000

"Certa for safety"

Driving school - payroll company \$80,000 - \$52,000 salary
Regulated by DMV - no more income.

→ Small Accountant payroll

File-1099 not filed

→ \$14,000 per year - \$250,000

Note from seller - 5 years

2002 - Slesch maria + Pizzia Income not reported.

CASH - Pizzia MARIA + Slesch MA

2000,

(2002) 2003 NOT FILE

2004 NOT FILE

Feb 2004 = to present All is Accountant for.

Sleeky MARIA → Corp

After search warrant - more checks than many others.

David - hardly finished high school

- married - not approved wife

David + Elia - Agreed to split profits with David
After expenses.

40,000
50,000 →

Pizzaria MARIA - W-2 wages - David - Payroll

- Cash - from First Touch

\$10,000 → 2000, 2001, 2002 20,000 -

As employee First Touch → 10,000 ①

As employee Pizzaria Maria ②

Elia - 2001 no Sleeky Maria
Driving School + Pizzaria Maria

2002 - no Sleeky Maria

99 - 2000
no Sleeky Maria

Elia wife was working at driving school.

1999 - 2002 - no W-2 - Sleeky Maria

2003 - W-2 - April 15, 2004 - W-2 Sleeky Maria

Accountant - Sleeky Maria - no many orders

- no cash Only cash

- no cash Payroll -

Elia - "mistake by Accountant" - not supplied by
Elia to accountant

Elia - told Accountant - pizza Maria -
 Drim School -

Gross Sales - Accountant -
 Cost of Good Sold - Accountant
 Salaries - Elia - supplied by Elia

Physical education - Maria's college -

Assets - in other people's names

- Sam's Account - mother's money -

- Sammy Represents mother's money

12 years ago - help Sam's set up

Account, Power of Attorney - Deposit + withdrawal
 money -

Loans from family - Loans in cash

Mother - gave to family members to
 Heri → \$100,000 estimate

Schwab's Account - Stock purchase

Fidelity Account -

Shomo Rasabi - 1/2 million dollars.

~~Sam~~ Gladman

Sammy 4 Times Since

- money From Israel -

Elia

Noticed money was not at Rafan + said nothing

Property - White Plains 1999 - 94 Harding -
 84 Waller 50% own
 2 properties 215 Battle Ave 100

50% ~~1/2~~ ^{1/2} ~~Isht~~ ^{Isht} - 38 Orchard Street, NY, NY
~~more~~ ~~more~~ ~~more~~ → YASSOF of
 moshem

Given to Wife AS Divorce Agreement - 215 Battle Ave ^{\$800,000} _{200,000}
 95 Harding Ave _{-800,000?}
 Financial statement - 260-270K month

84 Waller -

200K - proceeds own

Ign Joseph-Israel - 95 ~~Harding~~ ^{Waller} 50% own

Saved through the years -

32 Cedar Cop - Knows Sammy
 (last 2 years)

300 A month → checks
 Personal Account -

Rounded Information

Jewelry - Custom Jewelry + Accessories
Belt, hat, toys

10 Block Radius - Cash only business
- Volume discounts

Daily Sales - Retail + wholesale.

① Broadway - 2 Floors - Earing Plaza

13-14 employees

4 Girls cashiers + 1 Manager

Street percent + Volume discounts on Receipt

Credit cards -

\$500 - \$1500 A typical purchase

② 20 + 30's + Broadway - - Street vendors

- Hand written Receipts

David does most of sales

Now \$10,000 → now purchased from \$10,000 from
"Earing Plaza"

David's ~~Anna~~ Anna Oppenheim 17.7

Raschi - Lloyd Fuding -

Structing deposits - into Sammi - ^{Eli}Hee Brother,

12/19/05

1973 - Queens College - Y.K. was Return to
Israel - Adolph Elmer - Scholarship
Security at Airport

STARTED Maternity Store Queens
with Partner ISRAEL BAR EL - he went
back to ISRAEL

Opened Second Store in Bronx.

15 STORES - 'EXCITATIONS'

Closed all STORES change a market

IN mall opened Electronics Store
Changed to Clothing Store

Bought Sneaker Store in Cross County
mall Cost \$10,000 in Clothing inventory

Changed one to kids wear

Few years ago took over Photo Store
From mall Operator.

Sold Photo Store

opened Outlet in White Plains
to Sell excess merchandise

moved 2 years ago

Part of Sneaker mania
Dynasty was Part of this Corp.

SPOT STOP replaced Cross County Mall
Seperate corp.

Final Touch after while Expectation
was still operating good deal from
Manufacturers. Custom Jewelry

Pizza Store with help owner of
mall - Mr. Mark paid off from proceeds
Sent checks with proceeds

STARTED with money orders because the
Suppliers were not willing give him
a line of credit

Till two years ago
told acct he took Salary in
Cash

(1)

March 6, 2006
 11:00 AM to
 Photo
 Kwee off

Greg Polanco
 Jihad Schmitt
 Elia, subject
 Sam Hwang
 Al Hatabre.

Costume Jewelry - Computer - Fala 30 sold for \$60

Cartot Number -

① 1225 Broadway / Between 29 - 30th street (400 sq feet)
 500 to 1000 Bags

All Floors - line going into building
 - Peddler + foreigner
 - Elevator waiting
 - Took stairs

4th Floor
 6th Floor - ~~Room~~ 512 5th Floor - 2 kids Guy + Girl
 Buy merchandise

Per card → All Brands
 sent ups if wanted

Wplace-347-387-1525

All Kind of Ladies bags - scarves - shoes
 wallet - Hats + more
 whole sale + retail

225 Broadway
 7th Floor - same build
 like shop
 Dejo - 917-
 800-3444
 person

source at Bad store
 ① - Zany's Bakery
 Employee
 ② Girl at Chinese school

Chinatown

Ties + hats in front of 347

347 Canal street - 2nd floor -

m m

moved hat place was a don

Don up stairs - Fake Goods → men + lady

hats

→ Showroom

Louis Vuitton Bags

People in street with catalogs -

Distributing 321 Washington streetCater hoboken, NJ - ~~A~~ Tiberio

6/2005

Nike shoes

Place in china that make 24 items -

WWW.CN12.CN China shoes

Guangzhou General Trading Company

Alex Zhang

1201-321-5432

201-321-5432

WWW.generaltrading.cn.com

- 321 Washington street
Hoboken, NJ

Lucky Nike Trading Co., Ltd.

(3)

Fake Jewlery

Silva Inc.

182 Broadway, NY, NY 28+29 Street

Gucci Jewlery

NO NAME

Silva

Casual Jewlery -

Playboy Watch at

Tel. 532-4306

Fax Tel 689-2729

4/18/06

10:30 Am - 10:40 - Fire drill

11:00 Am —

Cindy Dunn

Janked sheet

Al Detab

Accountant

Sgt Prescye mow

Accountant

Greg Polvane

Hevia Elia

↳ Company 8300 ^{Fam} Enketo File - Felony
Too many orders
Nike - stopped

Payroll Scheme — Stolen money —

Payroll Services — 941 Generated

Enketo 941 — giving employee

Fam 8300

Address —

Timberland

Elia — Payments with cover sheet

money order — Account #, date of Payment

list of items

mo — money orders

check

Nike — copy of money orders

no pay in 30 days Nike stops shipping
Call if problem arrives

②

Nike stopped taking money orders. Land ~~more~~
nike - Out of hand money orders -

① Nike →

② JAY Geruth - Account
Fraud detection Program -
Bernard Katz - Account